



California Public Employees' Retirement System
Customer Services and Support
P.O. Box 942701
Sacramento, CA 94229-2701
TTY: (877) 249-7442
(916) 795-3332 phone • (916) 795-7878 fax
www.calpers.ca.gov

Agenda Item 6a

August 16, 2011

TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

- I. **SUBJECT:** Proposed Regulations on Submission of Payroll and Contribution Information and Method for Collecting Interest and Administrative Costs
- II. **PROGRAM:** Employer Contracts and Payroll Reporting
Customer Account Services Division
- III. **RECOMMENDATION:** Staff recommends that the Committee recommend the Board approve for publication the proposed amendments to Title 2 of the California Code of Regulations sections 565.1, 565.2, 565.3 and the addition of section 565.5 to clarify requirements for submission of payroll and contribution information through the new my|CalPERS platform and to set forth the method for collecting interest and administrative costs.

IV. ANALYSIS:

Employers currently submit payroll and contribution information to CalPERS via Automated Communication Exchange System (ACES), diskette, tape or reports. Upon implementation of my|CalPERS, employers will submit payroll and contribution information via a web-based system.

Current regulations contain information inconsistent with my|CalPERS. The proposed amendments to California Code of Regulations sections 565.1 through 565.3, and the addition of 565.5, clarify payroll and contribution information submission requirements through the new my|CalPERS platform and set forth the method for collecting interest and administrative costs.

Section 565.1 is amended to require employers to submit payroll and contribution information using the CalPERS reporting system, or as otherwise prescribed, and requires errors in payroll and contribution information be corrected within 60 calendar days of notice from CalPERS.

Section 565.2 currently imposes interest on late payments. The amendment authorizes CalPERS to bill an employer for insufficient contributions and clarifies that interest will be charged on amounts due that are not paid within 30 calendar days of the bill.

Section 565.3 currently imposes an assessment of \$200 for late payroll reports. This amendment replaces reference to late payroll reports with a reference to incomplete or erroneous payroll and contribution information. The amendment further clarifies that the cost assessment will be billed each month until the posted payroll and contribution information is complete and correct.

Section 565.5 is added to clarify the method of collecting administrative costs and to provide that if an employer fails to pay or dispute an amount due within 30 calendar days of notice, the employer shall be deemed to have agreed as to the amount due and to have consented to collection by CalPERS by deduction from the employer reserve account or by demand for payment.

The adoption of the above clarifying regulations will encourage employers' compliance with the requirement to submit complete and correct payroll and contribution information in a timely manner.

The proposed amended sections 565.1 through 565.3 and added section 565.5 are set forth in Attachment A for the Committee's approval.

If Board approval to proceed with publication of the proposed regulations is received, the following regulation process is planned:

- Publication of the Notice of Proposed Regulatory Action package in the California Regulatory Notice Register;
- A minimum 45 day public written comment period;
- A public hearing, if requested, which would be scheduled for a future BPAC meeting;
- Final Board approval to adopt the proposed regulations;
- Transmission to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations;
- The proposed amendments and addition to the regulations will become effective 30 days after filing with the Secretary of State

V. STRATEGIC PLAN:

Implementation of these regulations supports the Strategic Plan Objective to provide one-stop shopping and enhanced customer capabilities through my|CalPERS implementation.

VI. RESULTS/COSTS:

CalPERS may achieve cost savings as employers become more aware of the requirements for timely and accurate submission of payroll contributions and payroll and contribution information.

DARRYL WATSON, Chief
Customer Account Services Division

DONNA RAMEL LUM
Deputy Executive Officer
Customer Services and Support

Attachment